



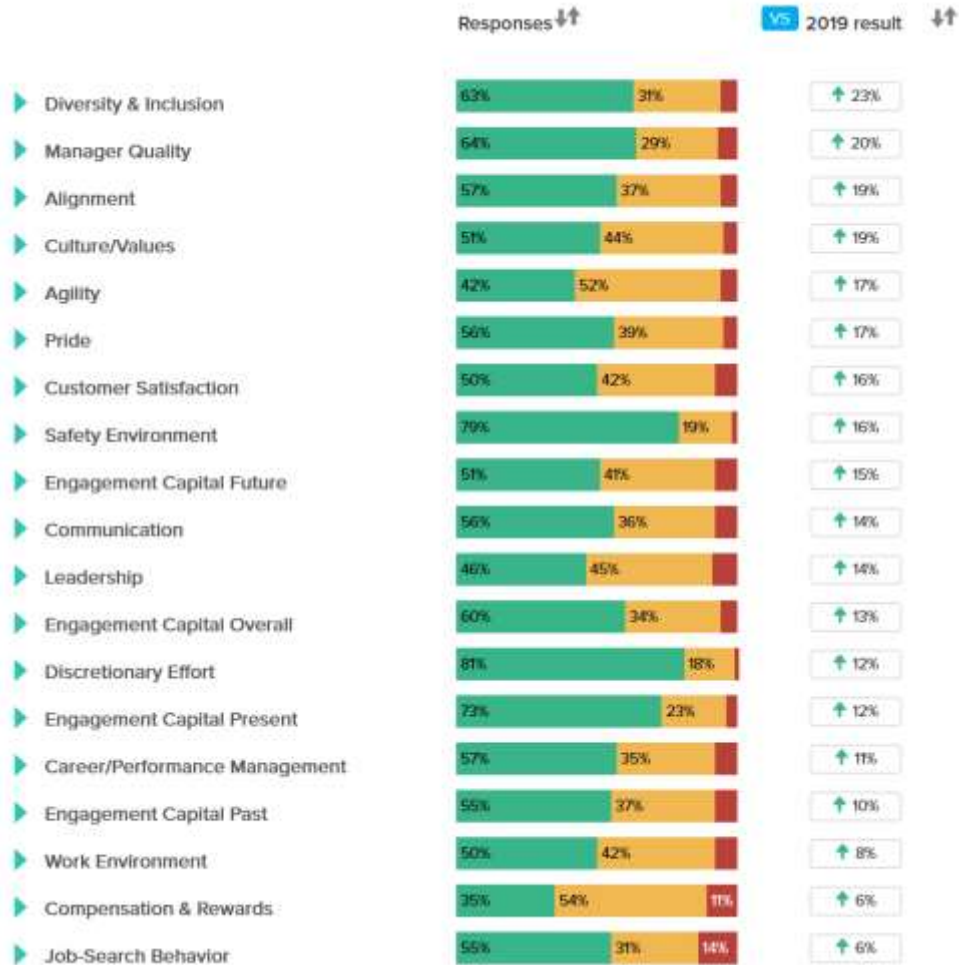
InfraCore

Essential Contracting Solutions
He Toki Taukari Whakaea

CCO Quarterly Review Report

3rd Quarter FY20
January – March 2020

Highlights HSE and Workplace Culture



Highlights Social Enterprise

- ▶ InfraCore has repurposed to deliver 'dual bottom line' outcomes (Social and financial)
- ▶ We are working with a number of local and Government organisations to identify opportunities for collaboration including:
 - Rotorua Lakes Council
 - Local Iwi trusts and organisations
 - The Corrections department
 - Ministry of Social Development

Highlights Social Enterprise

- ▶ We are currently engaged in COVID-19 related re-deployment projects
- ▶ This is a joint venture with RLC. The resources are recruited and managed by InfraCore, and operate under our HSE controls and processes
- ▶ The workgroups are split into 2 teams, 'rural culvert maintenance' and 'tree maintenance and felling'
- ▶ The works are funded by Central Government through RLC, and employ 25 people for an estimated 3 month period.

Social Enterprise - Opportunity

- ▶ We are currently exploring how this proof of concept could be expanded to add further value to the Rotorua region
- ▶ There is the opportunity for InfraCore to provide support to smaller enterprises such as assisting with setting up HSE and quality systems and processes
- ▶ This could extend to facilitating training packages and working in with our training providers to create bespoke training with on the job practical experience
- ▶ InfraCore are currently working with RLC to explore the opportunities

Highlights Team Operational

- ▶ The Q3 consolidated RLC satisfaction rating for InfraCore SLAs is 8.5/10 (**GREEN**)
- ▶ The urban water renewals work is well under way (completion date extended due to the COVID-19 lockdown period)
- ▶ The Infracore portion of the Rotoma sewerage project is now complete – 168 new tanks were installed and commissioned, with the old tanks decommissioned
- ▶ COVID-19 was well managed throughout the lockdown levels, with mitigations in place to reduce the risk of transmission
- ▶ Preparation for the ISO 9001 auditing is on track to be submitted for audit in Q2 of FY21

Highlights Team Financial

- ▶ We have rebuilt our finance team, and enhanced our processes
- ▶ Business efficiency dashboards are under construction, to provide real-time insights into our financial and business metrics
- ▶ Phase 1 of the fleet replacement programme is currently under action, this will reduce costs and vehicle down time

Financial Performance

OPERATING BUDGET – YTD For the period 1 July 2019 – 31 May 2020

	YTD Actual \$'000	YTD Budget \$'000	\$ Variance \$'000
Core operations including revenue from Rotorua Lakes Council	11,116	11,052	64
Nursery Revenue	728	922	(194)
Project Revenue	1,303	850	453
Other Revenue	755	3	752
Total Revenue	13,902	12,827	1,075
Operating Expenditure	12,223	11,031	1,192
Administration Expenditure	1,583	1,894	(311)
Total Expenditure	13,806	12,925	881
YTD Net Surplus/(Deficit)	96	(98)	193

Commentary

- Completion of a number of large capital projects as well as the C19 wage subsidy see revenue up against budget.
- Aligned with the increased volumes, operating expenditure is also \$1.1m above budget.
- Administration expenses (external consulting and training) are \$311k below budget
- As at May 2020, InfraCore presents a YTD surplus of \$96k, which is \$193k above budget.

Financial Performance (FY20 to May2020)

- ▶ Completion of a number of large capital projects as well as the C19 wage subsidy see revenue up against budget.
- ▶ Aligned with the increased volumes, operating expenditure is also \$1.1m above budget.
- ▶ Administration expenses (external consulting and training) are \$311k below budget. Values and culture introduction and training have been managed in-house and led from the top down
- ▶ As at May 2020, InfraCore is proud to present YTD surplus of \$96k, which is \$193k above budget.

Performance Measures (FY20 Q3)

- ▶ At the FY19 Year End financial audit a number of performance measures were deemed as unmeasurable, or not relevant to the current company strategy
- ▶ This has resulted in a rewriting of the Statement of Intent for FY20 and a review of performance measures to ensure that they are meaningful and relevant to the outcomes that InfraCore is here to deliver
- ▶ The financial and client satisfaction performance ratings still exist, and are still measured.
- ▶ The new proposed measures will include 'Social Enterprise' and 'Social Impact' measures

Performance Measures (FY20 Q3)

	Performance measure	Target for FY20	Status & Commentary
1	To achieve financial budget	To achieve financial budget allowing any future surpluses to be used to enhance business capability and invest in further plant and equipment and/or capability.	As at the end of March 2020 we were \$132k behind budget. As at the end of May 2020, we are \$193k above budget as a result of the additional works during the month of May and COVID subsidy.
2	To secure additional revenue within this financial year that upon completion has a positive contribution to margin.	To secure additional revenue streams within the financial year that increases EBITDA compared to budget. This will be measured upon project completion, and monitored on a monthly basis.	To be measured upon project completion for margin contribution, however we have the following additional work streams increasing revenue: 1) Water Renewals Programme 2) Rotoiti/Rotoma 3) Forest Block Reinstatement

Performance Measures

	Performance measure	Target for FY20	Status & Commentary
3	Consolidated KPI scoring Parks and Open Spaces	75%	80%
4	Consolidated KPI Utilities	75%	90%
5	Targeting full employee engagement with Health and Safety	75%	76%
6	Gain ISO 9001 accreditation	100%	Working towards accreditation. 70% completed.

Performance Measures

	Performance measure	Target for FY20	Status & Commentary
7	Individual performance plan in place per employee	90%	100% - All InfraCore employees have individual performance plans that are set with their managers. We have a performance management process that is followed, with annual and 6 monthly reviews.
8	Develop and document social enterprise project of work	3	Currently we have: <ul style="list-style-type: none"> • 1 project completed, in conjunction with the Department of Corrections • 1 project underway • 1 further project under discussion.
9	Understand the satisfaction level of the beneficiaries of the social enterprise's activities (Engagement survey) *note 1	70%	Not yet measured as the work has not been completed yet.

End